

286.6-705 Voluntary liquidation -- Filing certificate of dissolution.

- (1) A credit union may elect to dissolve voluntarily and liquidate its affairs in the manner prescribed in this section.
- (2) The board of directors shall adopt a resolution recommending the credit union be dissolved voluntarily, and directing that the question of liquidation be submitted to the members.
- (3) Within ten (10) days after the board of directors decides to submit the question of liquidation to the members, the president shall notify the executive director and any government agency or other organization insuring member accounts thereof in writing, setting forth the reasons for the proposed liquidation. Within ten (10) days after the members act on the question of liquidation, the president shall notify the executive director and any government agency or other organization insuring member accounts in writing as to the action of the members on the proposal.
- (4) As soon as the board of directors decides to submit the question of liquidation to the members, payments on shares, share certificates, deposits, deposit certificates, withdrawal of shares, making any transfer of shares to loans and interest, making investments of any kind, and granting loans shall be suspended pending action by members on the proposal to liquidate. On approval by the members of such proposal, all such business transactions shall be permanently discontinued. Necessary expenses of operation shall, however, continue to be paid on authorization of the board of directors or liquidating agent during the period of liquidation.
- (5) For a credit union to enter voluntary liquidation, approval by a majority of the members in writing or by a two-thirds (2/3) majority of the members present at a regular or special meeting of the members is required. Where authorization for liquidation is to be obtained at a meeting of the members, notice in writing shall be given to each member, by first class mail, at least ten (10) days prior to such meeting.
- (6) A liquidating credit union shall continue in existence for the purpose of discharging its debts, collecting on loans and distributing its assets, and doing all acts required in order to wind up its business and may sue and be sued for the purpose of enforcing such debts and obligations until its affairs are fully concluded.
- (7) The board of directors or the liquidating agent shall use the assets of the credit union to pay: first, expenses incidental to liquidation including any surety bond that may be required; second, any liability due non-members; third, deposits and deposit certificates as provided in this subtitle. Assets then remaining shall be distributed to the members proportionately to the shares held by each member of the date dissolution was voted.
- (8) As soon as the board of directors or the liquidating agent determines that all assets from which there is a reasonable expectancy of realization have been liquidated and distributed as set forth in this section, they shall execute a certificate of dissolution on a form prescribed by the executive director and file it, together with all pertinent

books and records of the liquidating credit union, with the executive director, whereupon such credit union shall be dissolved.

Effective: July 13, 1984

History: Created 1984 Ky. Acts ch. 202, sec. 2, effective July 13, 1984.

Formerly codified as KRS 290.705.

Legislative Research Commission Note (7/12/2006). In accordance with 2006 Ky. Acts ch. 247, secs. 38 and 39, this statute has been renumbered as a section of the Kentucky Financial Services Code, KRS Chapter 286, and KRS references within this statute have been adjusted to conform with the 2006 renumbering of that code.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.